

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2000-442-C - ORDER NO. 2001-404  
MAY 7, 2001

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|---------------------------------------------------|---|-------------------|
| IN RE: Joint Application of The Furst Group, Inc. | ) | ORDER APPROVING   |
| and Zone Telecom, Inc. for Approval of the        | ) | ASSIGNMENT OF     |
| Assignment of Selected Assets, Including          | ) | SELECTED ASSETS,  |
| Customers, from The Furst Group, Inc. to          | ) | APPROVAL OF ASSET |
| Zone Telecom, Inc., Approval of the Asset         | ) | PURCHASE          |
| Purchase Agreement and Cancellation of The        | ) | AGREEMENT AND     |
| Furst Group, Inc.'s Certificate of Public         | ) | CANCELLATION OF   |
| Convenience and Necessity.                        | ) | CERTIFICATE       |

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the joint Application of The Furst Group, Inc. ("Furst") and Zone Telecom, Inc. ("Zone") for approval of the assignment of selected assets, including customers, from The Furst Group to Zone Telecom. In a separate, concurrently-filed Application, Zone requested this Commission to approve a Certificate of Public Convenience and Necessity to Zone to provide non-dominant, resold intrastate interexchange telecommunications services to residential and business customers in South Carolina, thereby enabling Zone to service the customers of Furst following its acquisition of the assets that are the subject of the Application. Zone requested that the joint Application and the Certification Application be processed concurrently so that the transition from The Furst Group to Zone would be transparent to consumers in South Carolina. Further, the joint Application requested that this Commission approve the Asset Purchase

Agreement between the Furst Group and Zone Telecom and cancel the Certificate of Public Convenience and Necessity issued to The Furst Group.

Pursuant to instructions of the Commission's Executive Director, the two Applicants published a Notice of Filing in newspapers of general circulation one time. The Notice of Filing informed the public of a method of participation in the proceedings herein. No Protests or Petitions to Intervene were received.

The Furst Group, Inc. received authority from this Commission to operate as a reseller of long distance in South Carolina on July 9, 1993, Order Number 93-606 (Docket No. 1993-233-C). Zone Telecom filed an Application with this Commission on August 25, 2000, for a Certificate of Public Convenience and Necessity to provide intrastate interexchange telecommunications services. Furst and Zone Telecom, Inc. filed a joint Application with this Commission on August 25, 2000, for concurrent approval of the transfer of assets and approval of the purchase agreement. Zone and Furst and their respective corporate parents had signed an Asset Purchase Agreement on August 5, 2000.

Testimony given by Ms. Jill Papenhausen at the hearing on April 4, 2001, in the Commission's hearing room, offers that after the transaction between Furst and Zone is complete, Furst will no longer operate in South Carolina as a long distance carrier. Furst requests that the Commission cancel its authority to operate in South Carolina. According to the testimony, Zone plans to acquire certain assets of Furst used in connection with the provision of resold retail and wholesale IntraLATA and InterLATA long distance services to residential and business customers in the State of South Carolina. The customers associated with these services also will be assigned to Zone. The consideration to be paid by Zone in exchange for the Furst assets will be in the form of (1) cash and share of stock in e-Kong Group, and (2) the assumption by Zone

of certain preexisting liabilities of Furst. Zone will, to the extent applicable, after this Commission grants a Certificate of Public Convenience and Necessity to Zone, adopt the provisions of the tariffs and price lists now in effect for Furst. Ms. Papenhausen's testimony further states that after the transfer, all Furst's products will continue to be provided to its former customers without disruption. The testimony also states that the same services will be available to these customers at the same rates and under the same terms and conditions. In addition, many of Furst's current operational employees are now working for Zone, thereby maintaining continuity of service to Furst's existing customers. Zone submitted a proposed tariff which incorporates Furst's products.

Ms. Papenhausen offered that the Furst and Zone will provide timely notice pursuant to South Carolina and Federal Communications Commission guidelines. Ms. Papenhausen's testimony also addressed how Furst and Zone will provide the assigned customers with timely notice stating that (1) a carrier change is taking place; (2) the carrier change will not result in any charges to the customer; and (3) the customer has the right to change the customer's presubscribed long distance carrier if desired; and providing (4) a toll-free number for questions. First, Ms. Papenhausen testified that the transfer of assets will be transparent to consumers in South Carolina and will not adversely affect the provision of telecommunications services in South Carolina. Additionally, she stated that after the transfer, all of Zone's products will continue to be provided to the former Furst customers without disruption and the same services will be available to the former Furst customers at the same rates and under the same terms and conditions.

Finally, Ms. Papenhausen testified as to whether approval of the transaction between The Furst Group and Zone is in the public interest. According to Ms. Papenhausen, approval of the

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transaction will enable Zone to operate more efficiently and effectively. Additionally, the transaction will be transparent to The Furst Group's former customers because Zone, according to the testimony, is fully qualified to provide the same high quality telecommunications services to The Furst Group's former customers at the same prices.

Accordingly, we have examined the testimony and the record of this case, and hereby approve the proposed transaction, for the reasons stated above. Zone's products will continue to be provided to the former Furst Group's customers without disruption and at the same rates and under the same terms and conditions. Therefore, we believe that no customer will be adversely affected by the transaction, and the transaction is in the public interest. The Certificate of The Furst Group shall be cancelled.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



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Chairman

ATTEST:

  
Executive Director

(SEAL)